

## REPORT

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**CZECHOSLOVAKIA SUSPENDS TRADE WITH YUGOSLAVIA**

For a long time Czechoslovakia has been violating its commercial agreements with Yugoslavia. On the instructions of the Cominform, Czech foreign trade authorities first delayed shipments and later canceled delivery of finished and semifinished goods contracted and already paid for by the Yugoslav automobile industry, mining industry, and other branches of the Yugoslav economy.

A comparison of the prices paid to Czechoslovakia by Hungary with those set for Yugoslavia under the last trade agreement shows great discrimination against Yugoslavia. Nevertheless, the Yugoslav delegation in Prague at the negotiations for the last trade agreement proposed that Yugoslavia deliver 2 1/2 times more nonferrous metals than the agreement of March 1949 in Belgrade provided.

At the beginning of May 1949 the Czech government, unilaterally and in violation of all existing agreements, forbade all further export to Yugoslavia. In consequence, all deliveries of goods from Yugoslavia to Czechoslovakia also came to a halt, and about 500 million dinars' worth (1 dinar = 1 crown) of goods intended for Czechoslovakia remained in Yugoslavia.

The official communique by which the Czech government attempted to justify this measure alleges that deliveries had to be suspended because of the Yugoslav adverse balance of trade of 300 million crowns vis-a-vis Czechoslovakia. However, Yugoslavia is not the only country with an adverse balance of trade with Czechoslovakia, and the Czech government has not broken off trade relations with countries having a far greater adverse balance than Yugoslavia. If the Czech government were sincere, it would have to break-off trade relations with Poland, Palestine, Austria, Western Germany, Holland, Australia, Italy, and other countries, and jeopardize its entire foreign trade.

As of the end of January 1949, 17 countries had an adverse balance of trade with Czechoslovakia, seven of them much more so than Yugoslavia, while many of them have concluded far less extensive trade agreements with Czechoslovakia than Yugoslavia has done. The following table gives trade figures (millions of crowns):

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**CLASSIFICATION**

## RECOMMENDATION

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<u>Country</u>	<u>Adverse Balance</u>	<u>Total Reciprocal Trade</u>
Palestine	685.9	923.3
Austria	640.8	2,437.4
Poland	618.7	4,666.3
Germany, Western Zone	435.2	1,112.8
Holland	380.1	4,450
Australia	377	743.8
Italy	270	2,063
Yugoslavia	214.9	5,003.3

At the end of January 1949, Yugoslavia ranked third in the foreign trade of Czechoslovakia, immediately after the USSR and Great Britain. The Yugoslav adverse balance amounted to only 4.28 percent of the value of its total reciprocal trade with Czechoslovakia, while the western zone of Germany had an adverse balance of 39.5 percent of its reciprocal trade, and Palestine, from which Czechoslovakia imports oranges, had an adverse balance of 74.4 percent.

At the end of January 1949, Czechoslovakia had an adverse balance of trade with 12 other countries, in some cases far greater than that of Yugoslavia with Czechoslovakia. For example, Czechoslovakia had an adverse balance of trade of 509,900,000 crowns with Sweden, 2,457,900,000 crowns with Great Britain, 651,400,000 crowns with the US, 627,800,000 crowns with Egypt, 421,700,000 crowns with Canada, 350,700,000 crowns with Belgium, and 281,600,000 crowns with Rumania. These countries have not suspended trade relations with Czechoslovakia on that account.

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